

## Hon Dr Megan Woods

MP for Wigram

Minister of Housing

Minister of Energy and Resources

Minister of Research, Science and Innovation

Associate Minister of Finance



Hon Grant Robertson  
Minister of Finance  
Parliament Buildings  
WELLINGTON

Dear Grant

Thank you for the opportunity to participate in the Budget 2022 process. I am submitting the initiatives outlined below for the Energy and Resources portfolio for consideration. Bids in the Energy and Resources portfolio will help accelerate the decarbonisation of the New Zealand economy. Making these investments now will underpin a renewable energy future and ensure we continue to support people through the transition to a low-emissions economy.

### Total amount of funding sought for this portfolio

Confidential advice to Government

The **two cost pressure initiatives** I have been invited to submit extend and expand existing work in the Energy and Resources portfolio.

Funding the *Extending the Warmer Kiwi Homes programme* initiative will enable the successful home insulation and heating retrofit programme to continue beyond mid-2023, as well as take a new approach to target hard-to-reach households.

Funding the *Effectively engaging with iwi and managing risks in petroleum and mineral permitting* initiative will provide resource for the effective implementation of existing and new legislative requirements under the Crown Minerals Act 1991, and better engagement with iwi.

Together, the **six CERF initiatives** I am submitting for consideration provide a package that will set direction, and facilitate and support Aotearoa's energy transition.

Two of the CERF initiatives, *Readying the energy system to transition to a low emissions economy through an energy strategy and regulatory frameworks* and *Electricity market measures to support the transition to a highly renewable electricity system*, respond to the need for a strategic approach and for a regulatory system that facilitates the transition.

Private sector investment will be further supported through Confidential advice to Government  
Confidential advice to Government *Funding further decarbonisation of*

*process heat and implementation of supporting policies*, which would fund the acceleration of low emissions energy options, and the delivery of energy and emissions reporting requirements.

Support for communities and ways to help address the distributional impacts of the transition will be provided through funding Confidential advice to Government

Confidential advice to Government *Supporting renewable and affordable energy in New Zealand communities* initiatives.

In the Budget 2022 invitation letter you sent to me on 22 October 2021 you requested that initiatives be submitted with a clear articulation of relative priorities. I have ranked the eight initiatives in terms of priority below. Note that I consider all eight initiatives to be implementation ready.

Order of priority	Initiative Name	Amount Sought (\$m to 2025/26)
<b>Cost pressure</b>		
1 (highest)	Effectively engaging with iwi and managing risks in petroleum and mineral permitting	Confidential advice to Government
2	Extending the Warmer Kiwi Homes programme (cost pressure initiative)	Confidential advice to Government
<b>CERF</b>		
1 (highest)	Funding further decarbonisation of process heat and implementation of supporting policies	\$677.986
2	Readying the energy system to transition to a low emissions economy through an energy strategy and regulatory frameworks	Confidential advice to Government
3	Electricity market measures to support the transition to a highly renewable electricity system	Confidential advice to Government
4	Confidential advice to Government	Confidential advice to Government
5	Supporting renewable and affordable energy in New Zealand communities	Confidential advice to Government
6	Confidential advice to Government	Confidential advice to Government

In making this prioritisation, I have considered:

- For cost pressure initiatives – how critical the initiative is in addressing cost pressures
- For CERF initiatives:
  - how it contributes to meeting emissions budgets (both in terms of reducing emissions, but also enabling emissions reductions)
  - how it helps address the distributional impacts of the transition.

Note that each initiative summary includes a scaled option, and I will continue to look for opportunities to scale. In particular, there are opportunities to defer or scale certain elements of the last two CERF initiatives listed above if required.

I have taken into account the feedback you provided in your invitation letter of 22 October 2022, including reducing the number of initiatives from ten to eight.

The key details of each of the eight initiatives are set out in the table below.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'M. Woods', with a stylized flourish at the end.

**Hon Dr Megan Woods**  
Minister of Energy and Resources